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DISPUTED (DISCIPLINARY) BOUNDARIES: PHILOSOPHY, ECONOMICS AND VALUE JUDGMENTS

PAOLO SILVESTRI¹

Abstract: This paper aims to address the following two questions: a) what is the logic of the kind of discourse that seeks to found, demarcate or defend the autonomy or the boundaries of a discipline; b) why does this discourse, whether methodological, ontological or epistemological, sometimes turn into normative, dogmatic-excommunicating wrangles among disciplines, schools or scholars? I will argue that an adequate answer may be found if we understand: 1) disciplines as institutions and, therefore, as dogmatic systems, where scholars' discourse often takes the form of a legitimizing discourse regarding the founding Reference of their own discipline; 2) that scholars speak in the name of that very foundation, with which they closely identify; 3) that the issue of the legitimacy of a discipline cannot easily be separated from the issue of identity and, therefore, of a scholar's legitimacy; 4) that the excommunication may arise not only when the founding Reference is absolutized, but also as a form of self-defense of a scholar's identity-legitimacy. To understand these claims I will re-examine three paradigmatic positions: the methodological, ontological and epistemological considerations put forward by (and the debates between) Pareto, Croce and Einaudi – with specific reference to the demarcation between philosophy, economics and value-judgments.

Keywords: philosophy, economics, value-judgments, realism, nominalism, economist's discourse, dogmatics, disciplinary boundaries

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This paper is a re-thinking and a further development of the major philosophical and methodological issues I have addressed in analysing some suppressed interdisciplinary debates that took place in Italy in the first half of the twentieth Century: Silvestri 2008, 2010a, 2010b; Fossati, Silvestri 2013, and above all, with regard to the Croce-Pareto debate: Silvestri 2012b, 55-95. This research also led me to the discovery of an unpublished rewriting by Einaudi (2017). Paragraphs 2 and 3.1 of this paper are a summary and a re-elaboration of Silvestri 2010a and 2012b, 55-95.

o. Introduction

The present paper aims to address the following two questions: firstly, what is the logic of the kind of discourse that seeks to found, demarcate or defend the autonomy or the boundaries of a discipline, and secondly, why does this discourse, whether methodological, ontological or epistemological, sometimes turn into normative, dogmatic-excommunicating wrangles among disciplines, schools or scholars? I will argue that an adequate answer may be found if we understand: 1) disciplines as institutions and, therefore, as dogmatic systems, where scholars' discourse often takes the form of a legitimizing discourse regarding the founding Reference of their own discipline; 2) that scholars speak in the name of that very foundation, with which they closely identify; 3) that the issue of the legitimacy of a discipline cannot easily be separated from the issue of identity and, therefore, of the legitimacy of the given scholar; 4) that excommunication may arise not only when the founding Reference is absolutized, but also as a form of self-defense of the scholar's identity-legitimacy. To understand these claims I will re-examine three paradigmatic positions: the methodological, ontological and epistemological considerations put forward by (and the debates between) Pareto, Croce and Einaudi – with specific reference to the demarcation between philosophy, economics and value-judgments.

The scholars' respective positions and debates will be analyzed by focusing on what can be regarded as a problem faced, implicitly or explicitly, by all three of the above-mentioned figures. It is a problem of 'demarcation', albeit approached from different perspectives, depending on the scholar in question. Furthermore, it is often developed with opposite outcomes. Thus the following distinctions can be recognized: the demarcation between Philosophy and Economics – mainly in Croce's perspective –, (economic) Science and pseudo-sciences – mainly in Pareto's perspective –, and economic science and value-judgments – mainly in Einaudi's perspective.

Here I am using the expression 'demarcation problem' in a broad meaning, without any pretence to solve such a problem (as is known, such a problem is far

from being settled). But I am mainly interested in understanding why scholars' discourse *on* the demarcation criteria turn out to be *machines de guerre*, as claimed by Laudan (1983, 119): «no one can look at the history of debates between scientists and 'pseudo-scientists' without realizing that demarcation criteria are used as *machines de guerre* in a polemical battle between rival camps».

In my view, the reason why scholars' discourses *on* the demarcation issue turn out to be *machines de guerre* is due to another latent (and not always explicit) issue. It stems from the issue of the legitimacy of the discipline and, therefore, of the legitimacy of a scholar working in that discipline.

Emblematic, in this regard, is the debate on 'Economics in (the) crisis', to paraphrase the title of an article by Krugman (2012), where the issue of the «failure of economics» is associated with the issue of the «failures of the economics profession». The crisis of economics turns out to be a crisis of legitimacy both of the discipline and of its scholars. Even more emblematic is the fact that some of these debates were apparently concerned with the demarcation problem, where the issue at stake was explicitly stated in terms of whether economics «is» or «is not» a «science» (Shiller 2012; Chetty 2013; Wang 2013; Rosenberg, Curtain 2013; Krugman 2013a). These debates did not attempt an in-depth analysis of the demarcation problem as occurred, for example, in the engaging post-Popperian debates aiming at introducing a solid demarcation criterion in Economics¹. Rather, as noticed, they were concerned with an issue of credibility:

it seems as though economics is fighting for its right to stay in the exclusive group of fields deemed worthy enough to be called 'science' [...]. Nevertheless, the underlying implication behind this battle is that to be a 'science' is to be credible (Wang 2013).

In other words, if a discipline is labelled as pseudo-science, its scholars are likely to be regarded as charlatans.

Many of the terms used in these battles reveal this issue of credibility and legitimacy. I will quote just a few of the disputes. For example, Rodrik (2009) attempts to defend economics and suggests that one should «blame the

economists, not economics», thus implying that economics is merely instrumental, while «economists – and those who listen to them – became over-confident in their preferred models of the moment [...]. Hubris creates blind spots. If anything needs fixing, it is the sociology of the profession». In sum, economists behaved like «ideologues». Schiller (2012) upholds the scientificity of Economics against Taleb's (2004, 115) accusations of «charlatanism», «scientism» and «pseudo-scientism»². Krugman (2013b), in his concluding remarks, concedes that «maybe economics is a science, but many economists are not scientists [...] all too many economists treat their field as a form of theology».

Naturally, a «sociology of the profession»³, as claimed by Rodrik, may help us to understand what went wrong with the economics profession. Nevertheless we should, first of all, notice that these debates – with specific reference to their way of posing the 'demarcation issue' and the implicit issue of the legitimacy of economics (and economists) – are far from new. Many years ago, in an article titled *The Legitimacy of Economics*, Boulding noted that «the problem of legitimacy has been surprisingly neglected by social scientists, and especially by economists». He was referring, specifically, to the «problem of the legitimacy of economics as a science or a discipline, and the legitimacy of economics as a profession» (Boulding 1967, 299, 302). To my knowledge, this article was the only attempt to explain and address such a problem by resorting to the language and categories of the legitimacy of legal, political and even religious institutions. Secondly, these debates are not at all new if it is true that the accusations of the «failure of economic science» (Einaudi 2017: 45) – and the implicit issue of legitimacy of economics (and economists) – dates back (at least) to the first world war. This was an epoch in which Italian Economics «was second to none» (Schumpeter 1954: 855)⁴ and even the philosopher Benedetto Croce was regarded by Schumpeter as standing among the great economists of that era.

Perhaps, if we want to understand the abovementioned «over confidence» in models, «hubris» or economist's «theology»⁵, we can learn something from the methodological, epistemological, ontological and interdisciplinary debates of that

period. These debates not only were «second to none», but also have the advantage (from the point of view of this paper) of resorting to the language of legitimacy borrowed from legal and political disciplines, as in the case of Einaudi's (legal) dogmatics of Economics.

The paper pursues a twofold aim. Firstly, it is written as an essay in the history of philosophical and economic ideas, with the aim of casting new light on these debates among Italian scholars and inquiring into their relevance. Secondly, but no less importantly, it represents an attempt to re-read them by focusing not so much on their contents as, rather, on the structure, purposes and effects of these debates in their attempt to found, demarcate and/or defend the boundary of a discipline.

I will begin by providing the reader with the interpretive framework and the keywords through which I will try to re-read the earlier scholars' work and reinterpret their approach. The interpretive framework is based on the analogy between institutions and disciplines considered as dogmatics, and the logic of scholars' (self)legitimizing discourse. The keywords are: dogmatics, dogma and founding Reference; identity and legitimacy; mistaking of fiction for reality; excommunication (sec. 1).

After this initial overview, I will focus on the main methodological issues of the Croce-Pareto debate (sec. 2), with specific reference to the reflection on the «principle» or foundation of economic science. The paper will examine the reciprocal accusations of introducing «metaphysical» assumptions and the crucial issue of nominalism *versus* realism, on the threshold of which the debate came to a halt (sec. 2.1). I will then assess Croce's attempt to go beyond this dichotomy – by introducing the distinction between Science and Philosophy, pseudo-concept and pure concept, fiction and reality – and show how this resulted in the definitive interruption of the communication routes between Economics and Philosophy (sec. 2.2), economists and philosophers.

I will then clarify that this debate can be interpreted in terms of a (sec. 3) clash between (different) modes of discourse on (the same) fictional foundation.

That is to say, it was a clash between Croce's «Economic principle» (sec. 3.1), and Pareto's «Pure Economics» (sec. 3.2). I will explain why both such approaches bring about, contrary to the intentions of their authors, a kind of inversion where fiction is mistaken for 'reality', and name for 'things' (sec. 4).

In section 5 I will dwell on Einaudi's reflection concerning the distinction between the «economist *qua* economist» and the economist as a «whole man». I will demonstrate that this distinction can be interpreted as an attempt to go beyond the abovementioned demarcations between Philosophy and Economics, and Economic science and value-judgments. The key to such an interpretation lies in explicitly admitting the discursive (and, therefore, always ambiguous) nature not only of Economics or Philosophy but also of the very discourse on method.

Section 6 concludes with brief comments on the identity of disciplines and scholars (*qua* scholars).

1. An interpretive framework: institutions and disciplines as dogmatics, and the scholar's (self)legitimizing discourse

To begin with, let me introduce the interpretive framework and the keywords through which I will attempt to answer the leading issues of this paper and re-read the methodological statements by Croce, Pareto and Einaudi.

I am referring here to the possibility, sketched elsewhere⁶, of understanding *institutions as disciplines* and *disciplines as institutions* in terms of *dogmatics* (or also: dogmatic structures or dogmatic systems). This is possible because both are, at one and the same time, not only instituted but also instituting processes. Accordingly, they claim a form of *legitimacy* and credibility through a specific kind of discourse on the foundation, as put forward by its interpreters or scholars⁷. This often reveals that the issue of the legitimacy of a form of knowledge or of a discipline also implies, at least to some extent, an issue of the

legitimacy of its scholar (or community of scholars). Therefore, the issue also involves the *identity* of the scholar *qua* scholar.

For the present purposes it will be sufficient to recall the analogy I established between Einaudi's two concepts of «dogma» and Pierre Legendre's «dogmatic anthropology».

The first concept of dogma used by Einaudi arose from a critical reassessment of the tradition of European and Italian legal-political thought in the late nineteenth and early twentieth century. *Dogmas* – such as legal-political formulas, myths, oaths, images, rituals, ceremonials, symbols etc. – are considered as the ultimate foundation of the legitimacy of juridical-political institutions and the source of normativity. A common example is the dogma of Sovereignty, an enduring construct of legal dogmatics (Einaudi [1918] 1920). Einaudi's later reflection on «juridical-political dogmas» aimed to reinterpret them as forces of social cohesion, «*affective* states of mind» (or the unconscious or affective side of institutions) that constitute «the basis of legitimacy» (Einaudi [1946] 2001). However, he believed that this should not imply relegating them, in the name of a claimed superiority of scientific rationality, to the sphere of the irrational (as claimed in Mosca and Pareto's theories of the *élites*)⁸.

The second notion of dogma was taken over by the Einaudi-Michels debate *On the method of writing the history of economic dogma*. Einaudi adopted the technical concept of legal dogmatics in order to specify the epistemological sense of the abstract and ideal-typical constructs of Economic science

I use the word 'dogma' deliberately in order to tease those who, whenever they hear the word 'dogma', immediately imagine that the subject being dealt with is a 'revealed' truth, assumed as an act of faith. Thus they presume that economists are some sort of believers in a Word, who are determined to impose it on others with the fire and sword of intellectual excommunication for the heretics. [...] Dogma has nothing to do with all this; and it's high time the meaning of this word should be reinterpreted. We need to admit, as has long been done quite uncontroversially by scholars of law, that it means the logical framework on the basis of which the concepts used by economists in their attempt to build up a science are provisionally and successively set in a specific order (Einaudi 1932, 214)⁹.

By presenting Economics as a purely «logical», neutral (or value-free or ideology-free) construct made up of «concepts», Einaudi was deliberately trying to *excommunicate* from the kingdom of Economics a particular kind of heretics (or to keep such individuals outside its boundaries). He was referring both to the scholars who were depicting Economics (and economists) as ideologically biased or rooted in some kind of ideology, and also to the corporatist economists who aimed to bend Economics to fascist ideology.

Moreover, Michels (1932, 303-313) did not fail to notice the «*seductive*» and intrinsically *ambiguous* nature of dogma, which can result in *mistaking the fiction for reality*. A «dogma» may, over time, undergo a transformation into something that is removed from the realm of «*doubt*», removed from «being perfected or subjected to *criticism*», thereby becoming a «scourge of truth»¹⁰.

The attention drawn to Einaudi's two notions of dogma is of considerable importance here. Firstly, because we will return to Einaudi's methodological discourse (sec. 5), but secondly, also because his greatness as a man and economist is to be found in his ability to cross disciplinary boundaries. In particular, he concerned himself, at one and the same time, with Moral philosophy, History and Economics (Forte, Marchionatti 2012, 620), but also with legal and political thought, well aware that such boundaries are merely conventional, and therefore instituted by a specific discourse.

The two sides of dogma, present in Einaudian writings, can be re-interpreted through the perspective of «dogmatic anthropology» developed by the historian of law Pierre Legendre (2000, 2005, 2006)¹¹. In such a perspective the human being is a *homo symbolicus* or a symbolic-metaphysical animal, caught in the web of institutions. In this sense, institutions have the anthropological function of instituting us as rational beings by forging a connection between our biological and symbolic dimensions.

Here 'institutions' should be taken in their anthropologically more authentic meaning of *instituting*, in the strict sense of *instituere* [establishing (*statuere*) inside (*in-*)] but also of founding and educating. This implies that we can

understand legal-political-economic institutions and also forms of knowledge and sciences as *instituted* and *instituting*, working in the same way as language (Ricoeur 1975).

Legendre's «dogmatic anthropology» and the distinction between dogma and dogmatics (or dogmatic system) can then be explained as follows. «A dogmatic system is a system of interpretations» and it is «defined socially as a multi-plane organization of loci of interpreters». *Dogma* itself can be defined in several ways: as the locus of the Foundation or *founding Reference*, or as the locus of the fictional Thirdness or Impartiality, the Mirror, or of that which is foundational, which is usually constituted through a *mise-en-scène* (of legitimacy). In other words, it is that Reference *in the name of* which its interpreters make assertions, whether these interpreters be popes, emperors, men holding power in government, scholars of law, economists or scientists (Legendre 2006, 70, 353, 344). Their assertions are made according to the specific historical Reference (or References) dominating in a certain society or epoch (God, Sovereign, The People, State, Science, Reason etc.). The historical Reference in question does not necessarily follow the path of secularization: sometimes it takes the form of a *replacement of an authority with another authority*. In Legendre's words:

all the political habitats of mankind rest on the same base: the *mise-en-scène* of the Social Third, or otherwise stated, of a mythic founding entity, having the status of the founding Image, capable of producing [...] the institutional power of attraction. The two complementary sides of this power of attraction can easily be recognized everywhere: on the one hand the power to arouse political love, on the other the power to produce the legal effect [or normativity of the law] (Legendre 2000).

Entering into a sphere of knowledge, an institution, a culture, a text or a given historical version of the Reference (Myth, Religion, Science etc.) thus implies entering into this *mise-en-scène*. 'Entering / having entered into' always presupposes a creed, a faith. «Any form of knowledge, including that of a scientific nature, is founded on a prior *discourse* by means of which that given body of knowledge is *instituted* and *is believed* by men to be true» (Heritier 2007, 189).

As the ultimate foundation of a dogmatics, the dogma is, in short, the place of our founding beliefs, namely the beliefs of the individual, of society, but also of the branches of knowledge. It is not the antithesis of reason, an incontrovertible truth or an absolute principle, but the locus on which human reason is founded and which, precisely for this reason, is removed (temporarily) from the sphere of critical discussion.

An important aspect of the founding Reference is that its ‘certainty’ is not open to discussion. Rather, it holds in a ‘this is the way it is’: in other words its *fictional*, discursive or even aesthetic nature is held *as if* it were *true and real*. Note that dogmatics or a dogmatic system does not (necessarily) imply a form of dogmatism. Admittedly, dogmatism may (always) be its end result, depending on our relation with the above-stated founding beliefs. But the relation itself is an identity relationship, which, in turn, may range from a form of dogmatism or idolatry to complete detachment or even abandonment.

In this broader perspective, institutions (as disciplines) and disciplines (as institutions) act as *mirrors* of individual and collective *identity*¹². They are endowed with a normative structure that is far more profoundly rooted in complex and ambivalent feelings than in instrumental or scientific rationality.

To explain this point, without resorting to the Lacanian background of Legendre and his device of the Mirror, let us take the common claim according to which scientists are depicted as passionless or detached, entertaining no emotional relation with the knowledge, models or object of their own research¹³. Scholars may be completely detached from and indifferent to models they deploy in their research, but they cannot completely avoid being personally involved in their own discipline and profession as a whole (in Weberian terms it is the scientist’s *Beruf* or vocation). This personal involvement is particularly evident, as we will see later, when scholars feel the need to defend their own discipline or even their own stance or argument, against an attack or critique launched by another scholar or by the lay public. For it is only persons that may need to be defended, not disciplines, which are not persons. If scholars were completely

indifferent or neutral to their discipline, there would be no need to defend it. By defending *their own* discipline, scholars are defending *themselves*.

Therefore, the logic of excommunication may arise not only when the founding Reference is absolutized, i.e. when the scholar loses the distinction between fiction and 'reality' (which is a specific kind of idolatry), but also as a form of self-defense. The latter comes into play when the identity-legitimacy of the scholar is threatened by an attack on (or delegitimation of) the founding Reference; for example, when one claims that economics is not a science.

Let us now take a look at how this framework, and, in particular its keywords – dogmatics, dogma and founding Reference; identity and legitimacy; mistaking of fiction for reality; excommunication – can help us to re-read the ontological, methodological or epistemological reflections of Croce, Pareto and Einaudi.

2. The main issues of the Croce-Pareto debate

The debate between Croce and Pareto, sparked by the discussion on the 'economic principle' (Croce [1900] 1953, [1901] 1953; Pareto [1900] 1953, [1901] 1953), constituted a veritable watershed in the history and methodology of economic thought and social sciences in Italy. This would later be recalled by Einaudi ([1950] 1955) in an essay conceived as a sort of final balance of the history of Italian economic thought.

Starting out from the acquisitions of the *Methodenstreit*, thus from the victory of the 'abstract' over the 'historical', the debate arose initially as an examination of the «economic principle». The two contestants addressed some of the foundations of economic science: the problem of value, the theory of action and choice, the use of mathematics in economics, the nature of foundational hypotheses. Nevertheless, the most tricky methodological question, which severely curtailed the Croce-Pareto debate and resulted in the sharpest disputes, was the opposition between realism and nominalism¹⁴. I will now outline its major aspects.

2.1. Realism and Nominalism

Croce's attempt to found the «Economic principle» as an autonomous basis for any study of the economic action¹⁵ reached a first fundamental conclusion through a process of purification of human action from any moral consideration¹⁶:

in the concrete every action (volition) of man is either moral or immoral, since no actions are morally indifferent. But both the moral and the immoral are economic actions; which means that the economic action, taken *per se*, is neither moral nor immoral. Strength of character, for example, is found both in the honest man and in the cheat. [...] this then [is the definition of Economic] which I should like to see at the beginning of every economic treatise: THE DATA OF ECONOMICS ARE THE PRACTICAL ACTIVITIES OF MAN IN SO FAR AS THEY ARE CONSIDERED *PER SE*, INDEPENDENT OF ANY MORAL OR IMMORAL DETERMINATION (Croce [1900] 1953, 178 (capital letters in the text)).

In his first reply, *On the economic phenomenon*, Pareto accepted this definition but pointed out that such a definition arose from a «partition of the concrete fact». This partition was obtained through a process of *isolation* and *abstraction*, which implied «cutting a slice» of a concrete phenomenon. It was the same procedure that Pareto intended to follow in the construction of «Pure Economics» (Pareto [1900] 1953, 180).

Nevertheless, Pareto did not fail to notice a small difference between his approach and that of Croce. Although it was a difference that now may seem little more than a simple «misunderstanding», it was later to prove crucial:

my words purport only to show where I make that arbitrary cut and you consider them as if they had the purpose of investigating what the economic phenomenon is. Now I do not believe that there is objectively an economic phenomenon and therefore it seems a waste of time to investigate what it may be (Pareto [1900] 1953, 194).

Croce, in the second and following letter, soon noticed that their «disagreement» had «two chief sources»: a «disagreement on a question of *method* and a disagreement on a question of *postulates* [*presupposti*]» (Croce [1901] 1953, 197).

On the issue of *method*, Croce wrote:

you [Pareto] talk of cutting away a slice from a concrete phenomenon, and examining this by itself; but I enquire how you manage to cut away that slice? [...] your cutting-off of the slice is indeed an answer to the problem of the *quid* in which an economic fact consists. You assume the existence of a test to distinguish what you take for the subject of your exposition from what you leave aside. But the test or guiding concept must be supplied by the very nature of the thing in question, and must be in conformity with it (Croce [1901] 1953, 197).

On the issue of *presuppositions*, Croce accused Pareto of trying to found economic science by introducing an implicit «metaphysical» presupposition which held that «the facts of man's activity are of the same nature as physical facts» (Croce, [1901] 1953, 198).

Well before the beginning of the debate with Pareto, Croce was moving within the great methodological divide of his time: human sciences *versus* natural sciences. He feared that the inclusion of human action within the framework of natural sciences, in which Pareto himself was trying to set up Economics, would reduce the human person to an automaton and human freedom to deterministic or mechanistic conceptions.

Pareto, for his part, returned the charge to its sender. He made it clear that their divergences concerning the manner of establishing the autonomy, boundaries or «limits of a science» were to be «traced back to that famous [medieval] clash between the nominalists and the realists».

I am the most nominalist of nominalists. For me the only objective cases are concrete cases. Their classifications are man-made and are, therefore, arbitrary, unless we establish – always arbitrarily – the ends of a classification. In this case the latter can be deduced logically from those ends [...]. No science has ever been able to give a precise definition (as you would say a definition issuing “from the very nature of the thing”) [...] (a nature which I, as an empirical nominalist, admit I do not know) (Pareto [1901] 1953, 203).

Pareto's contention was that while Croce's quest for the «economic principle» was a search for the *essence* or «*nature*» of economic facts, economic science starts out from merely fictional «hypotheses», or «*As If*» hypotheses. This was the case, for example, of Newton's hypothesis of universal gravitation (Pareto [1901] 1953, 205).

However, there was one question that was still open and which, in the course of their discussions, remained unresolved. It was the issue of the link between hypotheses and 'reality', together with the related issue of how the reality of empirical facts should be construed. This question was all the more pressing as both Croce and Pareto claimed to concern themselves only with facts, especially since the hypotheses continued to *refer to* this reality. Did they have in mind the reality that belongs merely to the empirical sphere or was the Real taken as *founded* and *true* reality?

After Pareto's second and last article, the debate between the philosopher and the economist seemed to be closed forever.

Croce took Pareto's accusations of metaphysical realism seriously. The issue of nominalism *versus* realism became the subject of his subsequent research on Logic. Comparing his own positions with the epistemology of empiriocriticism, pragmatism and conventionalism (Mach, Poincarè, Avenarius, Rickert, Bergson, Le Roy), Croce developed the theory of *pseudo-concepts* and of their *non cognitive* but, rather, *practical-economic* character. In Croce's philosophy, «pseudo-concepts» or «fictional concepts» are the abstractions of science and social sciences: *schemata*, laws, models, ideal-types, constructs. They work as names, *étiquettes* and *symbols*: having the function not of acquiring knowledge but of creating an order in the world for practical and operative purposes. However, in developing the theory of fictional concepts he was effectively seeking to go beyond the opposition between nominalism and realism. Hence the fundamental issue raised by Croce was the following: empiricism and the «theorists of fictions» overlooked the need to answer the question of «whether their theory of concepts as fictions might not itself be a *fiction*» (Croce [1907] 1964, 11). Empiricism, Croce pointed out, was not capable of giving an account of itself. And every time it attempted to do so, or tried to *justify itself*, it fell back into a foundationalist line of reasoning, thereby bringing about, often unconsciously, a sort of self-transcendence of the empirical. The contingent thereby becomes transformed into the necessary, the empirical into the absolute.

In contrast, what Croce was endeavoring to achieve was to give an account of fiction and of the *name*, while avoiding the consequence of making the name coincide with truth. In other words, he sought to avoid asserting that very truth which traditional nominalism was continuing, despite everything, to ‘preach’: the universal *is* the name, nominalism claimed, but the essence of the name was nevertheless predicated in the name of that which is true. Nominalism and realism remained two metaphysical systems, inverted and in a relation of *reciprocal exclusion*.

The crucial point of Croce’s argument resided in his aim of avoiding any form of hypostatization or entification of the empirical. In order for the empirical to continue to be coherent with itself, it must continue to be empirical. And this meant, as Croce constantly repeated, that one must not mistake one thing for another: the name must not be confused with that which is true, the contingent with the necessary, fiction with reality. These are the pairs that define the Crocean macro-distinction between *Science* and *Philosophy*.

From this line of argument there follows the fundamental distinction between pseudo-concept and pure concept. The pseudo-concept is not truth but imitation of the truth or concept. The doctrine of the pure concept is, for Croce, *realism*; in the sense that it is founded (= true) reality. But it is a doctrine that does not deny nominalism, inasmuch as the name, the fiction, the *étiquettes* and the *symboles*, belong – precisely because they are useful – to the category of the *Useful* and not to that of the *True*. In other words, they belong to two of the four categories of the *Philosophy of the Spirit*, corresponding to Economics and Logic.

2.2. *Philosophy and Economic Science*

Croce put forward these positions in an article, *Economia filosofica ed economia naturalistica* [*Philosophic economics and naturalistic economics*] (Croce 1906)¹⁷, devoted to a critical examination of Pareto’s (1906) *Manual*¹⁸. He subsequently systematized them in *Logica* [Logic] (Croce 1907) and in *Filosofia*

della pratica. Economia ed etica [The Philosophy of the Practical. Economics and Ethics] (Croce 1909), by means of the distinction between Philosophy and Economic Science.

In *Economia filosofica ed economia naturalistica* Croce expressed appreciation of two aspects: namely, the gradual liberation of economic studies from the «burden of all the questions of a practical or political character», and the resulting «*theoretical or scientific*» character of economic science. Croce praised Pareto for his ability to keep science and social programs distinct; he also approved of Pareto's

firm but equally righteous proposal to repress and regulate his own *feelings* as a combative writer on political affairs, sacrificing sentiment to the severity of science every time that a scientific, and not political, inspiration lay at the root of his hypothesis (Croce [1906] 1961, 265).

At the same time, however, Croce criticized Pareto for the first two chapters of the *Manual* that contained a «bad philosophy» and a form of empiricism that was dogmatic and at times naïve (Ivi, 267).

In Croce's view, Philosophy and Economic Science can be distinguished on the basis of the «different manner of treatment» (Ivi, 266), with regard, respectively, to the True and the Useful. The *schemata*, laws and models of economic science are of the pseudo-conceptual order and can thus be regarded as having the function not of acquiring knowledge but of creating an order in the world for practical and operative purposes.

While one may state that Economics [i.e. economic *science*] does not give either the universal truth of Philosophy or the particular truth of History, it is nevertheless the case that Philosophy and History, for their part, are unable to carry out the smallest calculation. While Economics has no eye for the truth, Philosophy and History have no weapons to smash and dominate the surging wave of facts [...]. And we see now in Economics a tendency, which cannot but be sound, to constitute itself as pure Economics, that is to say, free from practical questions, the latter likewise being historical questions (Croce [1909] 1945, 256).

And as he added a few pages later:

accordingly, as far as concerns the interaction between the Philosophy of Economics, delineated above, and Economic Science or Calculation, whose

nature we have defined, there is no disagreement. Nor can there be a disagreement between two formations that are altogether *heterogeneous*, one of which moves within the categories of truth, while the other operates outside of these, guided by intentions of a practical order (Ivi, 261).

Although there is an evident contradiction in depicting Economic Science as «free from practical questions» and, at the same time, «guided by intentions of a practical order», the distinction between Philosophy and Economic Science would eventually be fixed by Croce in a negative perspective as well. Thus Croce would criticize the «confusions between economic science and the philosophy of economics», and the «mistakes deriving therefrom». The three most common errors springing from this confusion were, he argued:

1) Ending up by «denying philosophy for economics». This, he claimed, was the approach adopted by economists who «mock» philosophy as «empty prattle» and who

even seek to destroy and replace the methods of empirical observation and of mathematical construction, and who, as they attempt to carry out this deed, go so far as to parade (however much they may protest the contrary) a particular and poorly self-aware empiricist and mathematical philosophy of theirs.

Croce famously demolished these economists with the verdict or *injunction*, which sounded like an *excommunication*: «save yourselves the trouble of philosophizing. Calculate and don't bother to think!» and, at the same time, by admonishing philosophers with an equal and opposite injunction;

2) Awarding «universal value to empirical concepts», such as the interpretations of «liberism» that elevate such concepts to a «law of nature», or interpretations that hypostatize «historical and contingent facts»;

3) Transforming «the fictions of calculation into reality» (Ivi, 262-65).

Now, it is precisely the abovementioned (1) injunction or excommunication by Croce that is conventionally held, in Italy, to mark the breakdown of the communication routes between philosophy on the one hand, and economics (and social sciences) on the other, and, at the same time, between philosophers and economists.

The crucial question then became: what is the foundation of that injunction? Or, rather, *in the name of* what does such an injunction establish a boundary between philosophy and economics, which, in turn, establishes a reciprocal *exclusion* between philosophers and economists?

3. The clash between (different) modes of discourse on (the same) fictional foundation

I would now like to show how and why, against the background of the introductory framework, and beyond the huge differences between Pareto and Croce, they were actually carrying out the same *discourse on the principle*. In fact, their debate can also be read as a fight for the *legitimacy* of their respective founding *References* (*Philosophy* and *Economic Science*). However, while Pareto's principle could be founded only through a *fictional hypothesis*, Croce continued to believe that the economic principle was viable in its own right and *per se*.

3.1. Croce's foundation of «economic principle»

Let us now return to the moment when Croce founded what he believed to constitute the Economic. Would this attempt at foundation succeed? Let us consider again Croce's definition of the «economic principle»: «in the *concrete* every action (volition) of man is either moral or immoral, since no actions are morally indifferent. But both the moral and the immoral are economic actions; which means that the economic action, taken *per se*, is neither moral nor immoral». Therefore, economic action must be considered «as a practical action, because it is, by *abstraction*, emptied of all moral or immoral contents». Hence the definition of Economic which, Croce suggested, ought to stand at the head of every economic treatise: «THE DATA OF ECONOMICS ARE THE PRACTICAL ACTIVITIES OF MAN INsofar AS THEY ARE CONSIDERED *PER SE*,

INDEPENDENT OF ANY MORAL OR IMMORAL DETERMINATION» (Croce [1900] 1953, 178).

These passages conceal one of the persistent ambiguities of Croce's Economic, encapsulated in the polarity expressed by the two phrases «in concrete» and «taken *per se*». On the one hand, «in the *concrete* every action (volition) of man is either moral or immoral, since no actions are morally indifferent», and therefore the economic action cannot but be, in the concrete, moral. However, the distinction between the Economic and morality is thereby lost. If, on the other hand, economic action is considered in the sense of «taken *per se*», then the Economic is inevitably *abstract*. But in such a case, Croce would be unable to account for an abstract conceived in this manner. The difficulty would arise in particular if, in opposition to any intellectualism or abstract rationalism, he were to try to establish the *Reality* of the Spirit as part of the category of the Economic, since the latter, considered as an abstract, would turn out to be a *pseudo-concept*. This would imply acknowledging that the entire Spirit is a pseudo-concept, an abstraction or a fiction (taken in the negative sense attributed to fictions by Croce himself: see below).

Moreover, one might even ask whether Croce genuinely succeeded in construing an Economic in the «abstract» or «taken *per se*». The abstract, if it is abstract, is *abstractus* [drawn away] from something *else*, and therefore it stands in relation with this 'else'. Thus to the extent that the abstract implies such a relation, it cannot even be considered, to use Croce's phrase, as a «taken *per se*», i.e. construing the *per se* in the manner of a *pure identity*. Indeed, if the *per se* is a pure identity, a pure *unrelated*, it is such only *in words and through words* (and thus through Croce's words). A pure unrelated does not exist. As soon as we think of an object, we immediately set it in connection with itself – as demonstrated by the *per* [for] of the 'per se' – and with the thought that has thought it (Visentin 2005, 71). The claim of founding the *auto-nomy* of the category of Utile [Economic], or even the *auto-nomy* of a discipline, is, at least in this sense, a claim doomed to fail.

To return to the issue of the fictional foundation of Croce's discourse, we should now ask why Croce, upon founding the Economic, stated he would like to see that definition standing at the very «head of the Treatises of Economics». Note that the *head* of the Treatises, that is, the *principle* of treatment, is itself a metaphor that speaks of the beginning. Furthermore, it cannot avoid the task of *introducing* the reader into the treatment or the Treatise. And we also note the fictional, aesthetic or rhetorical-communicative strategy inherent in the use of capital letters to emphasize precisely that principle or beginning.

The issue is as follows: who has the right to talk about or, rather, *in the name of* that principle? To understand this point, let us take a fresh look at the Crocean distinction between Philosophy and Economics.

Apparently, Croce's goal was to reach a truce in the methodological conflict with Pareto and, in general, over the disputed boundary between philosophy and science. He thus stated that philosophical economics and naturalistic economics, «*although armed against each other, will not have to go to war against each other, inasmuch as it suffices for each of them to jealously watch their borders*» (Croce, [1906] 1961, 267 (italics mine)).

But the truce was only apparent. For as Croce added, «Pareto falls into the error – which is common to all naturalists and phenomenists and mathematicians – of denying *the right of that [philosophical] treatment*». Moreover, such thinkers contradict themselves because, «*after excluding philosophy from their purposes, they introduce - now stealthily, now violently - a bad philosophy*» (*ibidem*, italics mine), as often happens in the introductory chapters or «prefaces» of their «treatises» (here Croce is referring to the first two chapters of Pareto's *Manual*).

In other words, Croce advances a demand for a mutual «vigilance» between Philosophy and Economics, taken as if they were of equal rank. But then another issue arises: is this demand really nothing but the claim of a «right» to a different «way of treatment» (of the same subject)? Or, rather, does this demand hide Croce's attempt to claim a *higher* point of view, that of Philosophy, in terms of a

claim of the *principle of (economic) principle(s)*, namely, of that principle which he would like to see at the «head» of economic treatises?

If this is true, it is nothing more than a classic attempt *to replace one authority with another authority*: the substitution of Philosophy for Science. But if this is once again true, then the charges that Croce addresses to Pareto backfire. In this sense their debate is based on a substantial and mutual lack of understanding of their struggle in the quest for the legitimacy of a founding reference – ‘Philosophy’ *versus* ‘Science’ – each supposedly, or rather, fictionally or discursively placed higher than, and as such *exclusionary of* the other, or higher than that of the other knowledge or discipline.

3.2. Pareto’s foundation of «Pure Economics»

Even Pareto pursued an attempt to «*institute*» a «new theory» on a more rigorous and scientific basis than had been attempted previously¹⁹, as he wrote in his first letter to Croce (Pareto [1900] 1953). Such an attempt implied founding the autonomy of Economic science by cutting the umbilical cord that still bound Political Economy to the «metaphysics» of «natural law».

The criticism that Pareto addressed to the Walras (1896) of *Études d’économie sociale*²⁰ is emblematic, since it was itself a *maneuver* of replacement of one authority with another authority. This was an approach that was avowedly «scientific», although Pareto was nevertheless unable to avoid the confession of being a «believer»:

professor Walras thinks it possible to draw certain economic conclusions from metaphysical principles of jurisprudence. This opinion is worthy of respect but I am unable to accept it. I am a believer in the efficiency of experimental methods to the exclusion of all others. For me there exist no valuable demonstrations except those that are based on facts (Pareto 1897, 491).

Once again, the crucial question is to understand the foundation of that «*exclusion of all other [methods]*». It is worth recalling Pareto’s (1917) *Discorso per il Giubileo*, in which he reaffirms his *reference to* the model of the natural

sciences, and, especially, to the experimental method. Here he states his intent to «banish from the social sciences [...] *sentimental* and *metaphysical* considerations».

To gain further insight into the foundation of that «exclusion», «banishment» or excommunication, careful attention should be devoted to a comment by Bobbio on Pareto's *Discorso*, weighing almost each word:

throughout his life the *image of himself* that Pareto liked to convey was that of a man who *dispassionately* lambasted all the human *passions* that had hindered the path of society's scientific knowledge; a man who voiced his *disbelief* of all the most absurd *beliefs* that had fuelled social metaphysics (which many had seized for themselves and passed off as science); a discerning, always clear-thinking, impassive observer of the recurrent and - execrated though it was - constantly resurgent human folly. One of his favorite *antitheses* was that between the *dogmatism of all faiths* and "scientific skepticism" (Bobbio 1973, 6 (italics mine)).

However, it is not so much a question of noting the contradiction, albeit fairly marked, inherent in Pareto the sociologist, as for instance was underlined by Raymond Aron, who regarded the thousands of pages penned by the Lausanne professor as «laden with passion and value judgments» (Aron [1967] 1981, 428). Much less will we aim to argue, along with the Schumpeter of the *Epochen der Dogmen*, that one should cast doubt on the «correctness of the *professiones fidei* in a *scientific* treatise» (Schumpeter 1953, 275). For while the latter warning referred to Marshall's 'preachings', a not dissimilar problem also arose for Pareto's sociology, which «is not, like his economic theory, a first-class *technical* performance; it is something quite different. It is an attempt to preach a homily» (Ivi, 310).

In effect, by continuing to reason along these lines based on oppositions, despite the above noted contradictions, the approach still remains within the epistemological-anthropological *antithesis* of modernity. This is testified by the Paretian statements, namely: Science, Reason, Experience *versus* faiths, religions, dogmatism, theology, ideology, metaphysical investigations, irrationalism, passions, sentiments, emotions, value judgments, etc. Such an *antithesis*, in turn,

is also reflected in Pareto's action theory through the logical/non-logical categories²¹.

In contrast, what eludes the Paretian manner of thinking is that science itself, as noted earlier by Weber, is *founded* on a *Beruf*, a vocation, a passion, a faith (Weber [1919] 1946). In effect, although «“an atheist of all religions”, according to his own definition of himself, by making this declaration [...] Pareto was actually making his profession of faith» (Bobbio 1973, 6). So much so that, Bobbio concluded, according to Pareto

the path of science would be open only to someone who was prepared to recognize no other authority than that of reason and experience, and who would be willing, *in the name of this authority*, to continually call into question his own discoveries (Bobbio 1973, 6 (italics mine)).

Accordingly, it is possible to call into question one's own discoveries, but not to call into question or criticize the Authority of Science. In other words, Science had become Pareto's *religion: the Authority in the name of* which he spoke. Thus Pareto was reproducing the mechanism of replacing one authority by another, perpetuating a device that was no less *dogmatic* (in the Paretian negative sense) or censorious than that which he was criticizing.

Pursuing the implications of Bobbio's comment somewhat further, and taking another look at his *incipit*, one might even seek to determine the source (the mirror) of Pareto's *image* of himself as «one who *dispassionately* lambasted all the human *passions*». And, above all, why did he have such a liking for this «image»?

It was precisely the *discourse* on method, with reference to 'objective' and 'dispassionate' knowledge, that *instituted* in the Pareto-scientist the tension between Reason and passions, to the point of leading him to *believe* that he «*dispassionately* lambasted all the human *passions*». This was the proud image of himself that he liked to put on display. Nevertheless, though, not without contradiction, Pareto was a «believer» in Science. He loved Science as much as he loved passionately that image of himself which Science reflected to him, and which (perhaps) gave meaning to his action in the public sphere as an economic

Scientist. With (and through) this image Pareto presented, represented, *identified* and recognized himself.

4. On the mistaking of fiction for ‘reality’, of name for ‘thing’

We can now return, on the one hand, to Croce’s concern that arose from mistaking *fictions* for *reality*, and we can seek to understand the reasons for this concern. On the other hand, however, we may also examine a reflection by Pareto on *names* and *things*, where he seems to take his nominalism to extreme consequences.

A careful re-reading of Croce’s thought could prompt the argument that his real concern was not so much fictions as such – types, laws, schemata or models of natural and social science – to which he (at least) tried to ascribe some positive function. Rather, what troubled him was the fact that these pseudo-concepts were *fixed*, that is to say, hypostatized, universalized or even idolized, thereby clipping the wings of free action.

If this was so, as I believe was the case, then Croce, in his epistemological reflection, confused two kinds of problems. He started out from the concern that the *schemata*, fictionally taken *sub species aeternitatis*, and as a peculiar figure of the immutable, risked choking or killing life and its flow. Yet he ended up by projecting this concern onto his reflection concerning the epistemological status of science and the models used by science. In so doing, he failed to realize that models are only fictionally taken as fixed. Should it turn out to be the case, in reality, that the hypotheses, fictions or foundational fictions do bear the burden of an absolute value, then this is a problem that does not specifically concern the ‘nature’ or the epistemological status of fictions. Rather, it concerns *the relationship between the scholar and knowledge (or the discipline), or the relationship between knowledge and those to whom this knowledge is transmitted or communicated*.

Therefore, by projecting his concerns about his epistemological reflection, Croce ends up attributing negative connotations to pseudo-concepts. Fictions are, from the very outset, assumed as *pseudo*-concepts, that is, false, fake, fictitious. Nevertheless, even that which is presented as *pure* concept is and remains a fiction, a name constructed by Croce's discourse.

Turning now to Pareto's discourse, it would be mistaken to disregard that which, to my knowledge, was his last reflection on nominalism, or rather on names and things. His thought on this subject is developed in paragraph 118 of his *Treatise* (Pareto 1916). There he also seems to be willing to reformulate the issues that had emerged in the heated polemic on the so-called '*Paretaio*', as well as the contrast between «literary economists» and «mathematical economists», which had resulted in reciprocal excommunications (and even insults) between scholars²². Pareto's stance, however, is not formulated in terms of opposition between these two categories of economists. Instead, he re-examines and retraces the path of the purification of political economy towards a Pure Economics and radicalizes his nominalism, albeit with contradictory outcomes.

Pareto looked favorably on the process of purifying political economy by freeing it from the «words of vulgar language» to the benefit of greater precision. Such an operation was achieved, for instance, by Jevons, who abandoned the term «value» and substituted it with «rate of exchange». But

the literary economists did not follow him along this path, and they are still indulging their fancy in seeking to find out the nature of value, or of capital, etc. It is impossible to get it into their heads that things are everything and names nothing; consequently they have the power to give the names of *value* and *capital* to whatever they please, provided they deign to indicate them to us quite precisely, which, however, they fail to do. If their arguments concerned experimental science, then the arguments would still stand up once the names of value and capital were removed, because once names have been removed, the things still remain, and it is only the latter that are the focus of interest of experimental science. But since, on the other hand, these arguments are predominantly rhetorical, they are strictly dependent on the words designed to kindle feelings that help to persuade those who are listening to them. For this very reason, literary economists should be extremely careful when it is a question of words, and much less in the case of things (Pareto, 1916, §118, transl. mine).

In this regard Pareto added a note (note 1) where he reiterated that literary economists were aiming to engage in persuasion: it is «through sentiment that one can persuade others» (*ibidem*).

According to Pareto, the mistake made by literary economists resided in an assumption forming part of their line of reasoning, which he summarizes as follows:

“there exists an unknown thing that operates on language and gives birth to the word ‘capital’. *Since the vernacular language is the absolutely exact copy of the things it represents*, by studying the word we will be able to acquire knowledge of the thing, and by investigating the nature of capital, we will understand this unknown thing”. The defect of this justification lies in the underlined proposition, which is false (*Ibidem*).

Pareto was right to underline the falsity of the argument which holds that a name is an «exact copy» of a thing, but he fell into an error of the opposite type. Namely, having taken note of the unbridgeable gap between the name and the thing, he attempted to disencumber himself of the name completely in order to possess the thing at first hand, without mediation – «things are everything, names nothing». What Pareto overlooked is that in order to support these arguments, he nevertheless had to use names throughout his entire line of reasoning. In absolutizing the «thing», he failed to take into account that the name is the *sign* of the thing. He seemed to seek the death of the word, or at least to eliminate any ambiguity of the language so as to replace it with symbols and mathematical numbers, as he claimed to have done in the *Manuale*, yet they are still *signs* of the thing and not the thing in itself.

These considerations may also reflect Pareto’s negative conception of *persuasion* and *rhetoric* and, above all, of the sentiments through which suasive action is assumed to take effect. Pareto wished to replace persuasion and rhetoric with scientific arguments, yet despite his constant assertion that he was in no way prompted by the aim of persuading anyone, he seemed somewhat disappointed by his inability to «*get it into the heads* [*of literary economists*] that things are everything and names nothing». But how could Pareto get this argument, which was not a «thing», «into the head» of someone who failed to

understand it? Furthermore, the example of water described shortly thereafter begins, quite paradoxically, in precisely the following manner: «those who wish to *persuade* themselves of this...». Why «persuade»? For Pareto, «scientifically [...] first you pay attention to the thing, then you try to find a name for it». This is the manner of proceeding adopted, for instance, in chemistry to define the properties of «water». «First you consider the body formed by the combination of oxygen and hydrogen, and then you search around for how to indicate it» (*Ibidem*). But, once again, ‘oxygen’ and ‘hydrogen’ are names. ‘Chemistry’ is not a thing. Pareto’s very field of study, ‘Pure Economics’, is not a thing. And even the *purity* of Pure Economics cannot but be claimed by words and names.

It has been said that Pareto tended to confuse two different planes when expounding his ideas: the analysis of action and its representation (Bobbio 1964, XXII). Naturally, this need not be a cause for surprise, as it follows necessarily from the removal of language in accordance with his belief that «things are everything and names nothing». But how could arguments in defense of this thesis be put forward if not by words and names?

5. An Einaudian pre-conclusion: value-judgments, the economist qua economist and the whole man

After the Croce-Pareto debate, only Einaudi attempted to reappraise some of its unsettled issues, spurred by the debate with his pupil Fasiani, who had become Paretian, and also by the debate with Croce. For our purposes it is worth noting, not without some simplification, that the Einaudi-Fasiani debate²³ was sparked by Einaudi’s critique, in *Myths and paradoxes of justice in taxation*, of Pareto’s «indecent contempt» against «literary economists» (Einaudi 1938, 257). This critique was perceived by Fasiani as an attack on his own «scientific *self*» (Fasiani’s letter to Einaudi, June 1938, in Fossati, Silvestri 2012: 72 (*italics mine*)), and thus as an attack on his own *identity*. Accordingly, Fasiani mounted his counter-critique of Einaudi as a «defense» of his own scientific self. Furthermore,

since Fasiani *identified* and recognized himself in Pareto's methodological position and in the Paretian positivist notion of Science, he counterattacked Einaudi's work by claiming that it went beyond the *boundaries* of Science. It was, Fasiani argued, deeply affected by value-judgments, counsels, projects and precepts. As we will see, Einaudi perceived this critique as a form of «excommunication» (*in the name of Science*). Furthermore, in the Einaudi-Croce debate on «Liberism and Liberalisms» (Croce, Einaudi, 1957) the separation between Philosophy and Economics reappeared, heavily aggravating their misunderstandings²⁴. These debates led Einaudi to write his most engaging methodological essay, *On Abstract and Historical Hypotheses and on Value-judgments in Economic Sciences*, and then to rewrite it, in an unpublished rewriting (Einaudi 2017) whose meaning is still today to be assessed (Silvestri 2017a, 2017b, 2017c)²⁵.

Given the complexity of this essay and of its rewriting, I will limit myself to showing how some parts of it may be interpreted – among the many interpretations that may be drawn therefrom – as an attempt to overcome some of the above-mentioned divides. The latter included first and foremost the clash between Philosophy and Economics, and between Economic science and value-judgments, as well as distinctions between theory and counsels, rational and irrational, abstraction and reality, theoretical and applied economics. Such divergences, it seems to be suggested, should be overcome by explicitly admitting the discursive (and, therefore, always ambiguous) nature, not only of Economics or Philosophy but also of the very 'discourse' on method.

Einaudi addressed the issue of the origins and reasons underlying the alleged indifference of the economist towards the ends of action and also towards the choices made by the ruling class and the economic agents. He also, and indeed above all, sought to plumb his own moral ends, an appraisal which, in turn, prompts the question of whether the economist *qua* economist may pronounce value judgments²⁶.

First of all, Einaudi resumed his critique of Pareto and (now) took on the task of rebutting Fasiani's contempt for «*literary* economists», charged with «contemptuously belittling the other and perhaps better part of themselves» (Einaudi 2017, 38). Einaudi was referring here to, passions and sentiments, which are at the origin of any authentic research (Einaudi 1941, 1942). Those who are «incapable of perceiving the links between the two aspects of the whole person end up constructing insipid theory and supplying the counsels they know will find favor with the powerful» (Einaudi 2017, 38). As we will see below, this issue of the «whole person» was developed in his rewriting of the conclusions.

For Einaudi economists' indifference towards the ends became possible only by considering the means-ends nexus from an 'external' point of view and by fictionally putting within brackets the reign of ends. Nevertheless,

there exists no plausible reason why scientific research should come to a halt when beholding [...] the ideals and reasons of life, almost as if these were untouchable concepts [...]. If what follows likewise influences the choices that have already been made, if the results of such choices and the choices themselves have an effect on the actual reasons for these choices, then how can one say: this is where science starts; and before this there is ... what? (Einaudi 2017, 68).

In Einaudi's view, the economist's abstention from passing value judgments is «legitimate» only «for reasons of the division of labor» among disciplines and scholars. Such a division, in turn, has a «practical utility», yet it is nothing but merely «conventional», and in any case it does not give any scholar the «right to excommunicate» other scholars (ivi, 69-70, 72, 79).

In the last paragraph of the earlier version of the essay, this point was further developed, with the added awareness that even *science*, and not only legal-political dogmas²⁷, may turn into a form of *idolatry* or *dogmatism*:

there exists no plausible reason for setting the boundaries of any scientific territory according to one line rather than another: there may be someone whose curiosity is aroused by a different range of phenomena. Thus an inquiring mind little swayed by any urge to take up a position in this or that particular column of the table of scientific classifications may quite legitimately study the links between ends and choices, if for no other reason than to investigate whether by consecrating himself to a particular science he might not be performing a sacrifice to an idol devoid of soul (ivi, 81).

In his rewriting of the conclusions, Einaudi conducts an in-depth examination, in a wider context, of the issue of the distinction between the economist *qua* economist and the economist as a whole man. He thus puts forward a critique of the Paretian (and Fasiani's) Science/non-science distinction, which Einaudi traces back to the anthropological-hierarchical Rational/irrational division, and, above all, a critique of the Crocean distinction between Philosophy and Economics, – in terms of Reality (True) and abstraction (Useful).

The question arises of whether, once the economist has completed his analytical task of highlighting that what follows from *a* is *b* and not *c*, so that *a* is an appropriate means for obtaining the end *b* and inappropriate for obtaining the end *c*, and once he has stripped himself of the mantle that robes the economist and has become a simple man again, a whole man, he can justifiably pronounce moral judgments on *a*, *b* and *c*. That he can – and indeed *as a whole man* he must – express these value judgments is perfectly plain and there need be no discussion on this point (ivi, 83).

The true issue for Einaudi «is whether an economist, *specifically as an economist*, should issue judgments on values and whether he should do so on the basis of the tools that are proper to his discipline» (*ibidem*). In other words, what is it that *institutes* the identity of the economist *qua* economist?

If the economist *qua* economist identifies himself with the alleged «indifference», «this indifference, which is the essence of the scientist's garb, is the most fundamental – indeed I would say the one and only – *defense* available to economists in their attempt to impede charlatans and lackeys from bursting into their field» (ivi, 86, *italics mine*). But it is and remains a «garb» or, as Einaudi said earlier, a «mantle that robes the economist», which can only be used rhetorically as a mere defense.

Nevertheless, Einaudi also asserts that «this science [Economics] would cease to exist if it were to forsake reasoning with its own methods». By 'method' here Einaudi simply means the unavoidable abstract nature of Economics and economic reasoning, as compared to Croce's Reality. But this does not imply a form of «dualism» between philosophy and economics:

since the aim of their [economists'] research is one and one alone, namely knowledge of the full extent of the whole of reality, it is logically inconceivable

to argue that there is a fundamental, irreducible dualism between the logical position of the scientist, who aspires to acquire knowledge on reality through abstractions that successively draw closer to reality, and the historian-philosopher who aims to engage with the world of the whole of reality. Accordingly, this scenario cannot be portrayed as a contrast, but should instead be seen as different modes of conquering truth (ivi, 88).

Moreover, «dualism cannot be founded on the contrast between the rational and the irrational» (*ibidem*), since the irrational is nothing but the unknown.

In the conclusion, where Einaudi attempts to sum up the long line of reasoning, he goes so far as to say that «*even the very separation between the whole man and man as a scientist, between reality and abstraction, between concrete action and pure reasoning is shown to be an abstraction*» (ivi, 91, italics mine).

In contrast to the Crocean devaluation of the abstractions of sciences as merely fictitious in the name of a true and founded Reality, Einaudi claims that the very distinction between abstraction (science) and Reality (history-philosophy) is and cannot but be an abstraction in itself, namely a product of the language and discourse.

That Einaudi had a clear awareness of the discursive nature of Economics and of the economist as «preacher»²⁸ may also be understood by re-reading his personal final balance of the history of Italian economic thought. He abandoned the historiographical-methodological criterion of legal-dogmatics as a criterion for writing the history of economic dogma (or economic ideas), but he never ceased to conceive of Economics as analogous to a legal-dogmatic construct, which is inseparable from a certain degree of «*buono e bello ragionare*» [«good and fine argument»]. He added the further and later *explicitly confessed* awareness that this conception of Economics may be deployed as a rhetorical device, or a dogmatic-excommunication strategy in defence of the boundaries of Economics, as was the case for the mode of action he adopted in the fascist era, against charlatans and lackeys:

I speak with the knowledge that in no other neighbouring field [that stands alongside Economics], except perhaps in that of private law of the Roman tradition, will sinners who violate the sacred rules of good and fine argument

inexorably have the anathema pronounced against them [...] the heretics will not enter the temple and the priests will continue to construct subtle and rarified theories. Better than if this were their declared purpose, they will thus serve the good of mankind (Einaudi [1950] 1955, 25).

6. Concluding remarks: on the identity of disciplines and scholars (qua scholars)

In order to answer the leading issues of the present paper I began by setting out an interpretive framework: institutions and disciplines as dogmatics, and the logic of scholar's (self)legitimizing discourse. Then, through the key concepts – dogmatics, dogma and founding Reference; identity and legitimacy; mistaking of fiction for reality; excommunication – I re-read the methodological, ontological and epistemological discourses by – and debates between – Croce, Pareto and Einaudi. Their writings were meant to be considered as significant case studies, where the variations on the 'demarcation problem' referred to the alleged separation between Philosophy, Economics and Value judgments. We have seen that scholars' discourse takes the form of a legitimizing discourse regarding the founding Reference of their own discipline. This was especially true for Croce and Pareto: their reciprocal excommunication, namely their reciprocal accusations of introducing metaphysical» assumptions, led them to a contest regarding the legitimacy of their founding References – respectively *Economic principle* and *Pure Economic*. These were the References in the name of which they spoke, and with which they identified Philosophy and Economics, the philosopher and the economist and, therefore, themselves. Notwithstanding their awareness of the crucial issue of nominalism *versus* realism, they ended up, contrary to their intentions, by mistaking the fiction of their founding References for reality, thereby giving rise to a form of dogmatism.

A final word specifically on Einaudi. His awareness of the (legal) dogmatics of Economics – which I have integrated within the interpretive framework – highlights the difference between being aware of such a dogmatics versus failing to take it into consideration, as well as the conventional nature of disciplinary

boundaries. In this regard, even the distinction between the economist *qua* economist (or *qua* scientist) and the economist as a whole man (or *qua* citizen) is the product of a scientific discourse that *institutes* both the economist *as such*, thus *qua* economist, and his (alleged) value-neutrality.

Throughout the paper we have encountered many names aiming at founding, defending or demarcating a boundary, taken as if they were a *pure identity*: the ‘*auto-nomy*’ of a discipline, the economic ‘principle’ taken ‘*per se*’, ‘Pure’ economics, the ‘*qua*’ of the scholar *qua* scholar, ‘neutrality’, ‘indifference’. In particular, as we have seen, if they are a pure identity, a pure *unrelated*, they are such only *in words and through words*, for a pure unrelated does not exist. Nevertheless, they are all discursive strategies by which the *thirdness* of a founding Reference or Dogma is represented and through which such a Reference gains its own legitimacy, and scholars gain or defend their own legitimacy and identity.

All in all, it is always the discourse, our discourse, that structures the interaction between names and things, identities and differences, definitions and relations, thresholds and boundaries.

Notes

¹ On this see, at least, Blaug 1980, Caldwell 1982, Boland 1989, Hausman 1988 and the other essays in de Marchi 1988, 1992.

² «[In] economics [...] you can disguise charlatanism under the weight of equations and nobody can catch you since there is no such thing as a controlled experiment» (Taleb 2004, 115).

³ See, for example, Fourcade 2009, and Hirschman, Popp Berman 2014.

⁴ On this see Marchionatti *et al.* 2013.

⁵ The idea that economics has become the new «theology» is far from new; see, for example, Nelson 1991 and the further discussion by Boettke *et al.* 2006.

⁶ In particular in Silvestri 2010, 2012b, starting from the two notions of dogma used by Einaudi, I reinterpreted and compared them with the positions of different scholars such as Legendre 2000, 2001, 2006, Di Robilant 1974, Heritier 2007, Ricoeur 1975, Borutti 1999.

⁷ This perspective can also be paralleled to Economics as discourse: see, at least, McCloskey 1985, Samuels 1990, Backhouse, Dudley-Evans, Henderson W. 1993. Nevertheless, the perspective outlined here, which stresses the analogy between institutions and forms of knowledge, aims to highlight the normative implications and effects of these varieties of disciplinary discourse.

⁸ On this point see Silvestri 2012a, and Silvestri, Forte 2013.

⁹ On Einaudi's «history of economic dogma» see also Barucci 1974, who, nevertheless, notices neither the twofold side of the Einaudian notion of dogma (legal-political and epistemological), nor the relevance of its derivation from legal-dogmatics. Such an analogy between legal-dogmatics, with specific reference to the concept of State and ideal-types, is likewise implied by Weber ([1904] 2003: 60, n.25, 71-72) but for different purposes (Mardellat 2009, 614-620), and also alluded to by Schumpeter (1914) in the title of his *Epochen der dogmen und Methodengeschichte*.

¹⁰ «Who can possibly fail to notice the extent to which the fixed and definitive model the disciples and the epigones of the master firmly believe they possess entices them into slotting whatever historical or economic phenomenon they happen come across into ready-made stereotyped categories?» (Michels 1932, 303-313).

¹¹ Partial translations and excerpts of Legendre's works are now in Legendre 1997. I also re-read Legendre's dogmatic anthropology through the re-interpretation made by Heritier (2007, 2013a, 2013b, 2014) in terms of «anthropology of freedom» and «legal aesthetics», and Supiot's (2006) *Homo juridicus*. For an application of Legendre's dogmatic anthropology to the *institution* of money as the product of a specific *fictio iuris* see Amato 2010 and Fantacci 2005.

¹² For an analysis of the relation between disciplines and identity in academic discourses see Hyland 2012.

¹³ See, for example, Mirrlees (1973, XXI): «one should not fully believe in models – one can use a model without being committed to it [...] for workers in the scientific tradition it makes sense to entertain a model and use it without being committed to it;

while the scientist cannot imagine why mere models should be the object of passion. I think that, in this, the scientists are right». Indeed, if the scientist's passionless behaviour were so obvious, there would be no need to re-assert it, as Mirrlees does.

¹⁴ On the Croce-Pareto debate, with specific reference to the fundamental issue of realism *versus* nominalism analysed here, there is a substantial lack of international literature. Among the Italian contributions see Busino [1973] 1975, Bruni 2002 (Ch. 3), Faucci 2014, 130-151. I have provided an extensive analysis of this issue in Silvestri 2012b, from which this paragraph is mainly drawn. Naturally, the Croce-Pareto debate on realism and nominalism could be re-read (with regard to its limits) through the epistemological lens of the new realism (in science, philosophy and economics). As to «critical realism» in Economics see Lawson 1994, 1997, 2003 and the subsequent scholarly debates; among the latter, see the articles collected in Fleetwood 1999 and Fullbrook 2009. For a different perspective on realism, anti-realism and «realisticness» see at least Mäki 1998, 2000, 2012. Nevertheless, it is worth repeating that my aim is to understand the logic of the methodological discourse set out by Croce and Pareto in their attempts to establish the boundaries between Economic (Science) and Philosophy.

¹⁵ For a recent reappraisal of Croce's economic thought see Cutrona 1998 and Montesano 2003, Faucci 2003, Bodei 2003.

¹⁶ Gramsci noticed the similarity between Croce's action philosophy and Robbins' (1932) action theory with regard to the «rational nexus between means and ends» (Gramsci 1991, 339). On this see also Cutrona 1998. There is a misunderstanding of the idealistic immanentism of Croce's «philosophy of the practical» where the end is not *external* to the action, as in Robbins' action theory and as had already emerged in Croce's critique of Pareto's choice theory, but is *immanent* to action.

In my view the analogy between Croce and Robbins (and in this respect also between them and Pareto) is true only as to their respective attempts to found the so called *autonomy* of the Economic (Croce) or Economics (Robbins) so as to free it from any moral, political or ideological consideration.

¹⁷ For the sake of clarity, it is worth noting that Croce's «philosophy of the economic» only partially coincides with the current Philosophy of Economics, not only because of the Crocean separation between Philosophy and Economics. Take, for example, the standard tripartitions of the current Philosophy of Economics, in terms of 1) Action theory, 2) Ethics (or normative social and political philosophy), 3) Philosophy of science (Hausman 2013); a slightly different tripartition can also be taken into consideration: 1) Political economy as political philosophy, 2) the methodology and epistemology of economics, 3) Social ontology and the ontology of economics (Davis, Marciano, Runde 2004). On the issue of 'new directions' in Philosophy of Economics see: Ross, Kincaid 2009 and Binder, Heilmann, Vromen 2015. We can see that Croce's category of the *Useful* is the category of economic action (or, rather, «economic volition») and, at the same time and not without unresolved ambiguities, the category aimed at explaining the *useful* nature of abstractions and representations made by sciences as well as by language. In any case, Croce's category of *Useful* has nothing to do with Ethics or normative considerations, or with ontology, as the Real (or, rather, history) was the subject of Philosophy.

¹⁸ On the epistemological genesis of Pareto's *Manual* see Mornati 2006.

¹⁹ On Pareto's early development of pure Economics see Marchionatti, Mornati 2000; Baranzini, Bridel 1997.

²⁰ On the methodological differences between Pareto and Warlas see Marchionatti, Gambino 1997 and Marchionatti 2000.

²¹ On the structural analogy between Pareto's demarcation Science/metaphysics (or pseudo-science) and logical/non-logical categories see Albert 2004.

²² The issue arose from the polemics between Pantaleoni and Sensini (a pupil of Pareto's); the dispute then became fiercer with the publication of Sensini's (1910) book *La teoria della rendita* [The Theory of Rent], where the author played on the polemical opposition between «literary economists' and «mathematical economists', arguing that Pantaleoni understood nothing of mathematics. The clash came to a head with the article by Jannacone (1912) bearing the title *Il paretaio*, which was published in the journal of which Einaudi was the editor-in-chief: it was an article that accused Pareto's followers, Sensini in particular, of aping, slavishly imitating or even plagiarizing their master. Pareto himself was then obliged to mediate between his pupil, Sensini, and his friend Pantaleoni. On this debate see: Magnani 2005, McLure 2007 (ch. 6), Mornati 2004.

²³ On this debate see: Fossati, Silvestri 2013, Fossati 2014.

²⁴ I have analysed both the anthropological assumptions and the epistemological aspects of the Croce-Einaudi debate respectively in Silvestri 2007 and Silvestri 2010a.

²⁵ The first version of this essay is now translated in Einaudi [1942-43] 2014. An overview of Einaudi's vision and method relating to the first version of this essay is in Forte, Marchionatti 2012, 593-95.

²⁶ From an historical point of view, since economics was originally motivated by normative concerns, the positive/normative distinction «began as a *defensive* move», but later «became part of economics' *disciplinary* and *professional* delineation» (Weston 2009, 367 (italics mine)). For a recent reappraisal of the issue and a better analytical distinction of value judgments see Mongin 2006. The issue of the legitimacy of Economics and the economist (in terms of expertise) when dealing with the issue of value judgments is clearly grasped by Baujard 2013. Again, John Davis (2014) has provided an interesting behavioral explanation of economists' denial of value judgments in terms of «loss aversion» and «economists' social identity as economists».

²⁷ See Einaudi 1945. On Einaudi's awareness of the subtle threshold between dogma and dogmatism with regard to the issue of the dogma of Sovereignty see Oddenino, Silvestri 2011, 131.

²⁸ Well before than the famous essay by Stigler (1986), Einaudi was the first, to my knowledge, to adopt the category of *Preachings* for the titles of three collections of essays; see, at least, Einaudi 1920.

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